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**HYNES CHARTER SCHOOL CORPORATION  
FINANCIAL STATEMENTS  
JUNE 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/15/08

# **HYNES CHARTER SCHOOL**

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Certified Public Accountants

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Kenneth J. Abney, CPA, MS Acct-Tax

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### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Hynes Charter School Corporation  
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Hynes Charter School Corporation (the School) as of June 30, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hynes Charter School Corporation as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hynes Charter School Corporation taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The information in this schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
Hynes Charter School Corporation  
New Orleans, Louisiana  
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In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2008 on our consideration of Hynes Charter School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Silva & Associates, LLC*

August 27, 2008

**HYNES CHARTER SCHOOL CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 1,782,144
Cash restricted for student activities	256,408
Grants receivable	<u>848,537</u>
Total Current Assets	2,887,089
Property and Equipment:	
Equipment (net of accumulated depreciation)	<u>46,000</u>
Total Assets	<u><u>\$ 2,933,089</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts payable	\$ 39,717
Accrued payroll liabilities	351,762
Accrued unpaid leave	12,644
Deferred revenue	<u>21,585</u>
Total Liabilities	425,708
Net Assets:	
Net assets - unrestricted	2,250,973
Net assets - temporarily restricted	<u>256,408</u>
Total Net Assets	<u>2,507,381</u>
Total Liabilities & Net Assets	<u><u>\$ 2,933,089</u></u>

The accompanying notes are an integral part of this financial statement.

**HYNES CHARTER SCHOOL CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDING JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenues and Other Support:</b>			
Grants			
Federal	\$ 1,048,039	\$ -	\$ 1,048,039
State & Local Minimum Foundation Program	3,025,546	-	3,025,546
Other	7,786	-	7,786
Donations	29,353	-	29,353
Non-cash donations	140,202	-	140,202
Student fees	-	211,227	211,227
Miscellaneous revenue	6,506	-	6,506
Net assets released from restrictions	<u>198,053</u>	<u>(198,053)</u>	<u>-</u>
Total revenues and other support	4,455,485	13,174	4,468,659
<b>Expenses:</b>			
Administrative expenses	398,043	-	398,043
Program expenses	<u>3,801,427</u>	<u>-</u>	<u>3,801,427</u>
Total expenses	<u>4,199,470</u>	<u>-</u>	<u>4,199,470</u>
Increase in net assets	256,015	13,174	269,189
<b>Net assets at beginning of year</b>	<u>1,994,958</u>	<u>243,234</u>	<u>2,238,192</u>
<b>Net assets at end of year</b>	<u><u>\$ 2,250,973</u></u>	<u><u>\$ 256,408</u></u>	<u><u>\$ 2,507,381</u></u>

The accompanying notes are an integral part of this financial statement.

**HYNES CHARTER SCHOOL CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Administrative Expenses</u>	<u>Program Expense</u>	<u>Total</u>
<b>Expenses:</b>			
Salaries	\$ 273,013	\$ 1,893,758	\$ 2,166,771
Payroll taxes	8,166	56,640	64,806
Employee benefits	22,959	159,250	182,209
Retirement fund contribution	37,437	259,684	297,121
Transportation	-	26,395	26,395
Advertising	86	1,335	1,421
Due and fees	8,668	-	8,668
Insurance	2,527	39,581	42,108
Repairs and maintenance	9,408	147,385	156,793
Professional services	24,936	-	24,936
Miscellaneous expense	3,677	57,615	61,292
Bank charges and fees	1,643	-	1,643
Materials and supplies	-	994,244	994,244
Telephone and postage	1,982	31,053	33,035
Utilities	3,541	55,475	59,016
Food service management	-	79,012	79,012
	<u>\$ 398,043</u>	<u>\$ 3,801,427</u>	<u>\$ 4,199,470</u>

The accompanying notes are an integral part of this financial statement.



**HYNES CHARTER SCHOOL CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING JUNE 30, 2008**

<b>Cash flows from operating activities</b>	
Increase in net assets	\$ 269,189
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
(Increase)/decrease operating assets:	
Grants receivable	53,959
Other receivables	61,127
Prepaid insurance	11,428
(Increase)/decrease in restricted assets	(81,213)
Increase/(decrease) in operating liabilities:	
Accounts payable	39,717
Accrued payroll liabilities	(7,763)
Accrued unpaid leave	(22,227)
Deferred Revenue	140
	<hr/>
Net cash provided/(used) by operating activities	324,357
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	<hr/> (46,000)
Net cash provided/(used) by investing activities	(46,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>	278,357
<b>Cash and cash equivalents, beginning of year</b>	<hr/> 1,503,787
<b>Cash and cash equivalents, end of year</b>	<hr/> <hr/> \$ 1,782,144

The accompanying notes are an integral part of this financial statement.

**HYNES CHARTER SCHOOL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Hynes Charter School Corporation (the “School”) was granted a charter by the Orleans Parish School Board in 2006 to provide all students with a safe and diverse learning community by empowering them to be proficient readers, writers, and critical thinkers. The Hynes Charter School Corporation is a Type 3 Charter School governed by a board of directors.

The Hynes Charter School Corporation is a nonprofit organization exempt from federal and state income tax under Section 501(c) (3) of the United States Internal Revenue Code.

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No., 116, Accounting for Contributions Received and Contributions Made, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Public Support and Revenue**

The School’s primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and the Orleans Parish School Board. The School receives \$3,109 from the State and \$4,006 from the School Board per eligible student in attendance at the official pupil count date of October 1, 2007. MFP revenue accounts for 68% of the School’s total support for the year ended June 30, 2008. State and Federal grants are on a cost reimbursement basis and account for 23% of the School’s total support for the year ended June 30, 2008.

**Donated Equipment, Services and Materials**

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The School has recorded \$140,202 as revenue and expense in the statement of activities for use of facilities, equipment, and materials owned by the Orleans Parish School Board.

**HYNES CHARTER SCHOOL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated Equipment, Services and Materials (continued)**

As part of the Operating agreement with the Orleans Parish School Board, Hynes Charter School Corporation is not required to pay a lease on the property which houses the school. The administration has elected not to record the benefit from this transaction on their books.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the School considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

**Property and Equipment**

Property and equipment obtained with non-public funds are the property of the School and are capitalized at cost. It is the School's policy to capitalize expenditures for these items in excess of \$1,000. Normal building maintenance and minor equipment purchases are included in expenses of the School. The School depreciates its equipment on the straight-line basis over a period of 5 years. As of June 30, 2008, the School had not yet recorded depreciation on its capitalized equipment.

**Instructional Fees**

The school requires payment of a \$75 instructional fee per student at the time of registration, which is in the spring of the current year. Revenues from these fees are recognized in the year in which they are earned. Fees collected in the current year that apply to the subsequent year are deferred. Receivables for instructional fees have not been recorded as the amount due has been determined to be uncollectible.

**Functional Expense Allocation**

Functional expenses are allocated among the various program services, general and administrative, and fundraising categories based on actual use or management's best estimate.

**Restricted and Unrestricted Revenue**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted net assets are composed of cash and contributions received from unrelated third parties that have set specific instructional purposes for these funds as well as student activity funds. As the School uses these funds for the purchase of the materials stipulated in the donation, or for non-instructional student activities, they are released from restriction.

**NOTE B – CONCENTRATION OF CREDIT RISK**

The School maintains cash accounts at a local financial institution that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The School's cash balances were in excess of FDIC insurance by \$2,023,778 at June 30, 2008. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**HYNES CHARTER SCHOOL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE C – COMPENSATED ABSENCES**

Teachers and staff are allowed a maximum of 10 cumulative sick and/or personal days per year. Earned and unused sick and/or personal days are paid to employees at a rate of \$75/day following the School's fiscal year end. The School has accrued for \$12,644 of unpaid leave as of June 30, 2008.

**NOTE D – GRANTS RECEIVABLE**

Grants and contracts receivable are deemed to be fully collectible by management and are comprised of the following amounts due at June 30, 2008:

United States Department of Education	
Title I	\$ 341,411
Title II	30,718
Title V	21,474
IDEA Part B	17,101
Hurricane Education Recovery Act (Restart)	<u>437,833</u>
 Total grants receivable	 <u>\$ 848,537</u>

**NOTE E – RETIREMENT PLANS**

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (the System). The System is a cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to the plan follows:

**Plan Description:** The System provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Teachers Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

**Funding Policy:** Plan members are required to contribute 8% of their annual covered salary. The school is required to contribute at an actuarially determined rate. The current rate is 15.8% of annual eligible covered payroll. Member contributions and employer contributions for the System are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2008 is \$297,121.

**NOTE F – FUNDS RESTRICTED FOR SCHOOL ACTIVITIES**

The school maintains a separate bank account for student activities. The account is for the collected instructional fees and the Husky Care (before and after-school care program) fees. Restricted student activity funds amounted to \$256,408 at June 30, 2008, and are reported as restricted cash and as part of temporarily restricted net assets.

**HYNES CHARTER SCHOOL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets are composed of cash and contributions received from unrelated third parties that have set specific instructional purposes for these funds. As the School uses these funds for the purchase of the materials stipulated in the donation, they are released from restriction.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**HYNES CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass-through programs from:			
Louisiana Department of Education -			
National School Lunch Program	10.555	-	\$ 73,659
U.S. Department of Education			
Pass-through programs from:			
Louisiana Department of Education -			
Title I - Grants to Local Educational Agencies -			
Part A - Basic	84.010A	28-05-T1-36 C	490,681
Title II - Teacher & Principal Training & Recruitment Fund	84.367A	28-05-50-36 C	9,270
Title III - English Language Acquisition Grants	84.365	28-05-60-36 C	-
Title V - State Grants for Innovative Programs	84.298	28-08-80-36	21,474
Special Education - Grants to States - IDEA Part B	84.027	28-08-B1-36	17,101
Hurricane Education Recovery Act (Restart)	84.938A	28-06-IR-36	437,833
Total expenditures of federal awards			<u>\$ 1,050,018</u>

See independent auditors' report.

**HYNES CHARTER SCHOOL CORPORATION  
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Compensation</u>
Todd Schexnayder, President of the Board Executive Vice President of Human Resources Pan American Life Insurance, Co. 601 Poydras New Orleans, LA 70130	\$ -0-
Alvin Miester, J.D. Vice President of the Board Sher Garner Cahill Richter Klein & Hilbert, L.L.C. 909 Poydras Suite 2800 New Orleans, LA 70112	-0-
Dr. Tim Ryan, UNO Chancellor University of New Orleans New Orleans, LA 70148	-0-
Dr. James Meza, Dean of the College of Education University of New Orleans New Orleans, LA 70148	-0-
Elizabeth Uzee Sigler University of New Orleans Office of Research New Orleans, LA 70148	-0-



**SCHEDULES REQUIRED BY STATE LAW**

**(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**



Certified Public Accountants

Brent A. Silva, CPA  
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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
TO THE MANAGEMENT OF HYNES CHARTER SCHOOL CORPORATION**

To the Board of Directors  
Hynes Charter School Corporation  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Hynes Charter School Corporation and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Hynes Charter School Corporation and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the *American Institute of Certified Public Accountants and Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources (Schedule 1)**

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

Findings: None

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#### **Education Levels of Public School Staff (Schedule 2)**

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 5 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Findings: None

#### **Number and Type of Public Schools (Schedule 3)**

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings: None

#### **Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)**

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings: None

#### **Public Staff Data (Schedule 5)**

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 5 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings: None

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Findings: None

**Class Size Characteristics (Schedule 6)**

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None

**Louisiana Educational Assessment Program (LEAP)  
for the 21st Century (Schedule 7)**

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Hynes Charter School Corporation.

Findings: None

**The Graduation Exit Exam for the 21st Century (Schedule 8)**

11. Not applicable

**The LEAP and iLEAP Tests (Schedule 9)**

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Hynes Charter School Corporation

Findings: None

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Hynes Charter School Corporation, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silva & Associates, LLC*

August 27, 2008

**HYNES CHARTER SCHOOL CORPORATION  
SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)  
FOR THE YEAR ENDED JUNE 30, 2008**

**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 - Experience of Public Teachers and Full-time Classroom Teachers**

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 - Public School Staff Data**

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - The Graduation Exit Exam**

Not applicable

**Schedule 9 - The IOWA Tests**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

**HYNES CHARTER SCHOOL CORPORATION  
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
AND CERTAIN LOCAL REVENUE SOURCES  
FOR THE YEAR ENDED JUNE 30, 2008**

**General Fund Instructional and Equipment Expenditures**

## General Fund Instructional Expenditures:

## Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,568,526	
Other Instructional Staff Activities	302,915	
Employee Benefits	484,663	
Instructional Materials and Supplies	768,635	
Instructional Equipment	140,878	
Total Teacher and Student Interaction Activities		3,265,617

Pupil Support Services	554,956	
Less: Equipment for Pupil Support Services	46,000	
Net Pupil Support Services		508,956

Instructional Staff Services	24,956	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		24,956

School Administration	399,941	
Less: Equipment for School Administration	-	
Net School Administration		399,941

Total General Fund Instructional Expenditures \$ 4,199,470

Total General Fund Equipment Expenditures 46,000

**Certain Local Revenue Sources**

## Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	<u><u>\$ -</u></u>

## Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u><u>-</u></u>

## State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u><u>\$ -</u></u>

Nonpublic Textbook Revenue	<u><u>\$ -</u></u>
Nonpublic Transportation Revenue	<u><u>\$ -</u></u>

See independent accountants' report on applying agreed-upon procedures

**HYNES CHARTER SCHOOL CORPORATION  
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF  
AS OF OCTOBER 1, 2007**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	23	69.70%						
Master's Degree	9	27.27%			1	3.03%		
Master's Degree + 30	1	3.03%			1	3.03%		
Specialist in Education								
Ph. D. or Ed. D.								
Total	33	100.00%			2	6.06%		

See independent accountants' report on applying agreed-upon procedures.

**HYNES CHARTER SCHOOL CORPORATION  
NUMBER AND TYPE OF PUBLIC SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2008**

Type	Number
Elementary	
Middle/Jr. High	
Secondary	
Combination	1
Total	1

See independent accountants' report on applying agreed-upon procedures.



**HYNES CHARTER SCHOOL CORPORATION**  
**EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS**  
**AS OF OCTOBER 1, 2007**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	1	0	0	0	0	0	1
Principals	0	1	0	0	0	0	0	1
Classroom Teachers	5	2	3	7	6	5	5	33
Total	5	4	3	7	6	5	5	35

See independent accountants' report on applying agreed-upon procedures.

**HYNES CHARTER SCHOOL CORPORATION  
PUBLIC SCHOOL STAFF DATA  
FOR THE YEAR ENDED JUNE 30, 2008**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$47,531	
Average Classroom Teachers Salary Excluding Extra Compensation	\$47,531	
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	33	

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

See independent accountants' report on applying agreed-upon procedures.

**HYNES CHARTER SCHOOL CORPORATION**  
**CLASS SIZE CHARACTERISTICS**  
**AS OF OCTOBER 1, 2007**

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementray	100%	18						
Elementray Activity Classes	100%	4						
Middle / Jr. High	100%	6						
Middle / Jr. High Activity Classes	100%	4						
High								
High Activity Classes								
Combination								
Combination Activity Classes								

**Note:** The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**HYNES CHARTER SCHOOL CORPORATION**  
**LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

District Achievement Level Results	English Language Arts						Mathematics					
	2006			2007			2008			2006		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Students												
Grade 4												
Advanced	N/A	N/A		3	8.58%		3	6.38%		N/A	N/A	
Mastery	N/A	N/A		7	20.00%		21	44.68%		N/A	N/A	
Basic	N/A	N/A		16	45.71%		19	40.43%		N/A	N/A	
Approaching Basic	N/A	N/A		7	20.00%		4	8.51%		N/A	N/A	
Unsatisfactory	N/A	N/A		2	5.71%		0	0.00%		N/A	N/A	
Total	N/A	N/A		35	100.00%		47	100.00%		N/A	N/A	

District Achievement Level Results	English Language Arts						Mathematics					
	2006			2007			2008			2006		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Students												
Grade 8												
Advanced	N/A	N/A		0	0.00%		2	5.88%		N/A	N/A	
Mastery	N/A	N/A		3	18.75%		3	8.82%		N/A	N/A	
Basic	N/A	N/A		9	56.25%		21	61.77%		N/A	N/A	
Approaching Basic	N/A	N/A		4	25.00%		8	23.53%		N/A	N/A	
Unsatisfactory	N/A	N/A		0	0.00%		0	0.00%		N/A	N/A	
Total	N/A	N/A		16	100.00%		34	100.00%		N/A	N/A	

See independent accountants' report on applying agreed-upon procedures.

**HYNES CHARTER SCHOOL CORPORATION  
GRADUATION EXIT EXAM (GEE)  
FOR THE YEAR ENDED JUNE 30, 2008**

This schedule is not applicable as the School does not enroll students in grades 9 - 12.

See independent accountants' report on applying agreed-upon procedures.

**HYNES CHARTER SCHOOL CORPORATION**  
**THE ILEAP TESTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

District Achievement Level Results	English Language Arts				Mathematics				Science				Social Studies			
	2007		2008		2007		2008		2007		2008		2007		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 3																
Advanced	4	10.82%	2	4.00%	6	16.22%	2	4.00%	1	2.70%	3	6.00%	0	0.00%	1	2.00%
Mastery	16	43.24%	10	20.00%	10	27.03%	7	14.00%	9	24.33%	9	18.00%	7	18.92%	4	8.00%
Basic	12	32.43%	27	54.00%	16	43.24%	26	52.00%	18	48.65%	24	48.00%	21	56.76%	29	58.00%
Approaching Basic	5	13.51%	8	16.00%	4	10.81%	10	20.00%	8	21.62%	9	18.00%	8	21.62%	13	26.00%
Unsatisfactory	0	0.00%	3	6.00%	1	2.70%	5	10.00%	1	2.70%	5	10.00%	1	2.70%	3	6.00%
Total	37	100.00%	50	100.00%	37	100.00%	50	100.00%	37	100.00%	50	100.00%	37	100.00%	50	100.00%

District Achievement Level Results	English Language Arts				Mathematics				Science				Social Studies			
	2007		2008		2007		2008		2007		2008		2007		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 5																
Advanced	3	8.82%	3	7.50%	1	2.94%	5	12.50%	1	2.94%	2	5.00%	1	2.94%	2	5.00%
Mastery	5	14.71%	6	15.00%	6	17.65%	5	12.50%	8	23.53%	5	12.50%	7	20.59%	3	7.50%
Basic	16	47.06%	22	55.00%	17	50.00%	20	50.00%	13	38.24%	18	45.00%	17	50.00%	22	55.00%
Approaching Basic	7	20.59%	7	17.50%	8	23.53%	4	10.00%	10	29.41%	10	25.00%	7	20.59%	8	20.00%
Unsatisfactory	3	8.82%	2	5.00%	2	5.88%	6	15.00%	2	5.88%	5	12.50%	2	5.88%	5	12.50%
Total	34	100.00%	40	100.00%	34	100.00%	40	100.00%	34	100.00%	40	100.00%	34	100.00%	40	100.00%

District Achievement Level Results	English Language Arts				Mathematics				Science				Social Studies			
	2007		2008		2007		2008		2007		2008		2007		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 6																
Advanced	1	2.38%	2	5.27%	0	0.00%	3	7.90%	0	0.00%	2	5.26%	1	2.38%	5	13.16%
Mastery	3	7.14%	9	23.68%	5	11.90%	7	18.42%	4	9.52%	5	13.16%	2	4.76%	6	15.79%
Basic	28	66.67%	22	57.89%	27	64.30%	21	55.26%	25	59.53%	24	63.16%	23	54.77%	20	52.63%
Approaching Basic	9	21.43%	4	10.53%	5	11.90%	3	7.89%	11	26.19%	6	15.79%	12	28.57%	6	15.79%
Unsatisfactory	1	2.38%	1	2.63%	5	11.90%	4	10.53%	2	4.76%	1	2.63%	4	9.52%	1	2.63%
Total	42	100.00%	38	100.00%	42	100.00%	38	100.00%	42	100.00%	38	100.00%	42	100.00%	38	100.00%

District Achievement Level Results	English Language Arts				Mathematics				Science				Social Studies			
	2007		2008		2007		2008		2007		2008		2007		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 7																
Advanced	0	0.00%	1	2.50%	1	2.63%	1	2.50%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	7	18.42%	9	22.50%	2	5.26%	3	7.50%	2	5.26%	4	10.00%	6	15.79%	5	12.50%
Basic	23	60.53%	21	52.50%	19	50.00%	21	52.50%	21	55.26%	19	47.50%	22	57.90%	22	55.00%
Approaching Basic	5	13.16%	8	20.00%	10	26.32%	7	17.50%	11	28.95%	13	32.50%	9	23.68%	10	25.00%
Unsatisfactory	3	7.89%	1	2.50%	6	15.79%	8	20.00%	4	10.53%	4	10.00%	1	2.63%	3	7.50%
Total	38	100.00%	40	100.00%	38	100.00%	40	100.00%	38	100.00%	40	100.00%	38	100.00%	40	100.00%

See independent accountants' report on applying agreed-upon procedures.

## **OTHER INDEPENDENT AUDITORS' REPORTS**



Certified Public Accountants

Brent A. Silva, CPA  
Kenneth J. Abney, CPA, MS Acct-Tax

Craig A. Silva, CPA  
Thomas A. Gurtner, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Hynes Charter School Corporation  
New Orleans, Louisiana

We have audited the financial statements of Hynes Charter School Corporation, as of and for the year ended June 30, 2008, and have issued our report thereon dated August 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Hynes Charter School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hynes Charter School Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be significant deficiencies in internal control over financial reporting. [Reference numbers: 2008-1, 2008-2, 2008-3, 2008-4].

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 and 2008-2 to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hynes charter School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Hynes Charter School Corporation's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Hynes Charter School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, the Louisiana Legislative Auditor, the Louisiana Department of Education, and the Orleans Parish School Board. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silva & Associates, LLC*

August 27, 2008



Certified Public Accountants

Brent A. Silva, CPA  
Kenneth J. Abney, CPA, MS Acct-Tax

Craig A. Silva, CPA  
Thomas A. Gurtner, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND  
BUDGET (OMB) CIRCULAR A-133**

Board of Directors  
Hynes Charter School Corporation  
New Orleans, Louisiana

**Compliance**

We have audited the compliance of the Hynes Charter School Corporation with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Hynes Charter School Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Hynes Charter School Corporation's management. Our responsibility is to express an opinion on the Hynes Charter School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hynes Charter School Corporation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Hynes Charter School Corporation's compliance with those requirements.

In our opinion, the Hynes Charter School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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### **Internal Control over Compliance**

The management of the Hynes Charter School Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hynes Charter School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hynes Charter School Corporation's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, and the Orleans Parish School Board. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Silva & Associates, LLC*

August 27, 2008

**HYNES CHARTER SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<u>    X    </u> yes	<u>          </u> no
Significant deficiencies identified		
not considered to be material weaknesses?	<u>    X    </u> yes	<u>          </u> none reported
Noncompliance material to financial statements noted?	<u>          </u> yes	<u>    X    </u> no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	<u>          </u> yes	<u>    X    </u> no
Significant deficiencies identified		
not considered to be material weaknesses?	<u>          </u> yes	<u>    X    </u> none reported

Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	<u>          </u> yes	<u>    X    </u> no

Identification of major programs:

CFDA Numbers

84.010A  
84.938A

Name of Federal Program or Cluster

Title I - Grants to LEA's - Part A - Basic  
Hurricane Education Recovery Act (Restart)

Dollar threshold used to distinguish between Type A and Type B programs:	<u>    \$300,000    </u>
Auditee qualified as low-risk audit?	<u>          </u> yes <u>    X    </u> no

**HYNES CHARTER SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Section II –Internal Control & Compliance  
Governmental Auditing Standards**

**Internal Control**

Reference number: 2008-1

**Criteria:** Payroll expense per the payroll reports from the third-party payroll service provider are periodically reconciled to the amounts recorded in the general ledger.

**Condition:** Payroll expenses cannot be reconciled from the payroll reports to the general ledger.

**Cause:** The Organization does not perform periodic reconciliations of payroll expense. There is no management review of the payroll recording process. Payroll expense is not properly recorded in the general ledger.

**Effect:** Payroll expense was materially misstated and the misstatement was not detected or corrected by management during the normal course of their duties.

**Recommendation:** We recommend that employees perform monthly reconciliations between the general ledger and the payroll reports. Journal entries and monthly balances should be reviewed and approved by management.

**Corrective action plan:** The School will begin performing and reviewing periodic reconciliations of payroll expense. The School has hired a controller to oversee the process.

**Contact person:** Michelle Douglas, Principal

**Estimated completion date:** October 1, 2008

**Reference number:** 2008-2

**Criteria:** The accounting system produces accurate and timely financial information sufficient to provide management with reliable data to effectively monitor operations.

**Condition:** The accounting system does not reflect the current condition of the financial standing of the School.

**Cause:** Disbursements and deposits are not entered into the accounting system as they occur. A manual ledger is kept, but the entries are not entered into the accounting system in a timely manner.

**Effect:** The accounting system could not provide useful information in preparing accruals for receivables or payables. Manual calculations had to be prepared by the auditors. The accounting system does not provide reports necessary for management to monitor the financial resources of the school on a timely basis. Receivables, payables, revenue, and expense were materially misstated as a result of the School not recording financial transactions on the accrual basis of accounting.

**Recommendation:** We recommend that the School record all financial transactions in the accounting software as they occur.

**HYNES CHARTER SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Section II –Internal Control and Compliance (continued)  
Governmental Auditing Standards**

**Internal Control (continued)**

**Reference number:** 2008-2 (continued)

**Corrective action plan:** The School is implementing the new accounting software utilized by the Orleans Parish School Board. The School has hired a controller to oversee the process.

**Contact person:** Michelle Douglas, Principal

**Estimated completion date:** October 1, 2008

**Reference number:** 2008-3

**Criteria:** Reimbursement receivables from granting entities are routinely calculated and recorded in a timely manner.

**Condition:** The general ledger does not reflect receivables from reimbursement requests.

**Cause:** The School records grants received on a cash basis..

**Effect:** The accounts receivable balance was materially misstated as of June 30, 2007 and the misstatement was not detected or corrected by management during the normal course of their duties.

**Recommendation:** We recommend that the client record revenue when earned.

**Corrective action plan:** The client will record receivables when the reimbursement request is prepared.

**Contact person:** Michelle Douglas, Principal

**Estimated completion date:** October 1, 2008

**Reference number:** 2008-4

**Criteria:** Bank account reconciliations are performed monthly. The reconciliations are reviewed and approved by management.

**Condition:** During our audit it was noted that bank reconciliations were not being performed in a timely manner.

**Cause:** The accounting staff is not completing bank reconciliations on a monthly basis.

**Effect:** The accounting system does not provide reliable information for management to monitor the financial resources of the organization on a timely basis.

**Recommendation:** We recommend that all bank accounts be reconciled on a monthly basis and the reconciliations be reviewed and approved by management.

**Corrective action plan:** The accounting staff will begin performing monthly bank reconciliations on all accounts within two weeks of receiving the monthly bank statements.

**HYNES CHARTER SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Section II –Internal Control and Compliance (continued)  
Governmental Auditing Standards**

**Internal Control (continued)**

**Reference number:** 2008-4

**Contact person:** Michelle Douglas, Principal

**Estimated completion date:** October 1, 2008

**Compliance**

No compliance findings for the year ended June 30, 2008

**Section III –Internal Control and Compliance  
Major Federal Programs**

No findings or questioned costs for the year ended June 30, 2008.